REGION 8
DENVER, CO 80202

FILED
Jun 04, 2026
11:27 am
U.S. EPA REGION 8
HEARING CLERK

In the Matter of: Wapiti Operating, LLC 1251 Lumpkin Rd. Houston, TX 77043 Respondent.	Docket No. SDWA-08-2026-0038 **CONSENT AGREEMENT**

I. INTRODUCTION

1. This is an administrative penalty assessment proceeding pursuant to sections 22.13(b) and 22.18(b)(2) and (3) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules of Practice), as codified at 40 C.F.R. part 22.

2. Complainant and Wapiti Operating, LLC (Wapiti or Respondent), having agreed settlement of this action is in the public interest, consent to the entry of this consent agreement (Agreement) without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this Agreement.

II. JURISDICTION

3. This Agreement is entered into under the authority vested in the Administrator of EPA by section 1423(c) of the Safe Drinking Water Act (SDWA or Act). 42 U.S.C. § 300h-2(c). The undersigned EPA official has been duly authorized to institute this action as the Complainant.

4. This proceeding is subject to the Consolidated Rules of Practice, under which a proceeding may be simultaneously commenced and concluded by a final order from a Regional Judicial Officer or Regional Administrator ratifying a consent agreement. 40 C.F.R. §§ 22.13(b), 22.18(b), 22.4(b).

III. DEFINITIONS

5. The term “person” means an individual, corporation, company, association, partnership, State, municipality, or Federal agency. 42 U.S.C. § 300f(12); 40 C.F.R. § 144.3.

6. The term "underground injection" means the subsurface emplacement of fluids by well injection. 42 U.S.C. § 300h(d); 40 C.F.R. § 144.3.

7. Class II injection wells are wells which inject fluids for the purpose defined in 40 C.F.R. § 144.6(b).

IV. GOVERNING LAW

8. The EPA has promulgated regulations establishing minimum requirements for underground injection control (UIC) programs to prevent underground injection that endangers drinking water sources, codified at 40 C.F.R. part 144 (Part 144). See 42 U.S.C. §§ 300h – 300h-8.

9. The EPA is authorized to administer the currently applicable federal UIC program in areas over which an Indian Tribe exercises governmental jurisdiction until the Tribe assumes primary enforcement responsibility. 42 U.S.C. § 300h-1.

10. The EPA is authorized to assess a civil penalty of not more than $14,308 for each day of violation, up to a maximum administrative penalty of $357,729, for violations occurring after November 2, 2015, where penalties are assessed on or after January 8, 2025, for any violation of the Act or Part 144. 42 U.S.C. § 300h-2(c)(2).

11. Part 144 prohibits all injection activities until the owner or operator is authorized to conduct the injection activities by rule or by permit. 40 C.F.R. § 144.31.

12. Part 144 requires UIC permittees to comply with all conditions of their permit and provides that any permit noncompliance constitutes a violation of the SDWA and is grounds for enforcement action, for permit termination, revocation and reissuance, or modification, or for denial of a permit renewal application. 40 C.F.R. § 144.51(a).

V. RESPONDENT

13. Respondent is a limited liability company authorized to do business in the state of Utah.

14. Respondent is a "person" for purposes of 42 U.S.C. § 1401(12).

15. Wapiti owns and/or operates the North Alger 1-34 Class II Injection Well, EPA UIC Permit UT22301-10483, (North Alger 1-34) and the RBU 1-10D Class II Injection Well, EPA UIC Permit UT22291-10328, (RBU 1-10D) located in Uintah County, Utah, and within the exterior boundaries of the Uintah & Ouray Reservation of the Ute Indian Tribe.

VI. ALLEGED FACTS

16. On July 13, 2023, EPA personnel inspected the North Alger 1-34 well and observed that Wapiti was operating the well above its maximum allowable injection pressure (MAIP).

17. On August 9, 2023, the EPA issued a notice of noncompliance for the MAIP exceedance.

18. On February 9, 2024, Wapiti submitted its 2023 annual monitoring reports (AMRs) for the North Alger 1-34 and RBU 1-10D wells.

19. On April 10, 2024, the EPA requested that Wapiti provide additional information regarding injection pressures and cumulative injection volumes at the North Alger 1-34 and RBU 1-10D wells.

20. On April 21, 2024, Wapiti submitted revised 2023 AMRs after the EPA notified the company of deficiencies.

21. On April 23, 2024, Wapiti submitted additional source monitoring information regarding EPA's request from April 10, 2024.

22. On January 29, 2025, Wapiti submitted its 2024 AMRs for the North Alger 1-34 and RBU 1-10D wells.

23. On February 14, 2025, Wapiti submitted revised 2024 AMRs after the EPA notified the company of deficiencies.

24. On February 19, 2025, the EPA requested that Wapiti provide additional information regarding injection pressures at the North Alger 1-34 and the RBU 1-10D well.

25. On March 19,2025, Wapiti submitted additional source monitoring information regarding EPA's request from February 19, 2025.

26. On June 11, 2025, EPA personnel inspected the RBU 1-10D well and learned that it had lost mechanical integrity (MI) on May 26, 2025, and had been shut-in.

VII. ALLEGED VIOLATIONS OF LAW

Violation I – Maximum Allowable Injection Pressure Exceedances

27. The North Alger 1-34 Permit, at section II(C)(3)(a) and appendix C, require that the MAIP measured at the wellhead not exceed a pressure of 1630 pounds per square inch (psi).

28. Wapiti exceeded the MAIP at the North Alger 1-34 Well on the following dates: March 20, 2023; March 30, 2023; April 9, 2023; April 10, 2023; April 11, 2023; April 24, 2023; April 25, 2023; April 28, 2023; May 1, 2023; May 5; 2023; May 10, 2023; May 15, 2023; July 4, 2023; July 12, 2023; July 13, 2023; January 3, 2024; January 18, 2024; January 20, 2024; January 23, 2024; and January 24, 2024.

29. Accordingly, Respondent failed to comply with section II(C)(3)(a) and appendix C of the North Alger 1-34 Permit and therefore violated 40 C.F.R. § 144.51(a).

Violation II – North Alger 1-34 Annual Monitoring Report Deficiencies

30. North Alger 1-34 Permit section II(D)(4) and appendix D require Respondent to submit an accurate Annual Monitoring Report no later than February 15 of each year. The Annual Monitoring Report must include each month's maximum and averaged injection pressures, each month's maximum and minimum annulus pressures, each month's injected volume, and the fluid volume injected since the well began injecting.

31. Respondent failed to report accurately report the monthly maximum injection pressures and cumulative volumes for the North Alger 1-34 well in its 2023 Annual Monitoring Report.

32. Respondent failed to accurately report the monthly maximum injection pressures for the North Alger 1-34 well in its 2024 Annual Monitoring Report.

33. Accordingly, Respondent violated section II(D)(4) and appendix D of the North Alger 1-34 Permit and therefore violated 40 C.F.R. § 144.51(a).

Violation III – RBU 1-10D Annual Monitoring Report Deficiencies

34. RBU 1-10D Permit section (II)(D)(4) and appendix D require Respondent to submit an accurate Annual Monitoring Report no later than February 15 of each year. The Annual Monitoring Report must include each month's maximum and averaged injection pressures, each month's maximum and minimum annulus pressures, each month's injected volume, and the fluid volume injected since the well began injecting.

35. Respondent failed to accurately report the monthly maximum and average injection pressures, monthly injected volume, and cumulative volumes for the RBU 1-10D well in its 2023 Annual Monitoring Report.

36. Respondent failed to accurately report the monthly maximum and average injection pressures, and monthly injected volume for the RBU 1-10D well in its 2024 Annual Monitoring Report.

37. Accordingly, Respondent failed to comply with section II(D)(4) and appendix D of the RBU 1-10D Permit and therefore violated 40 C.F.R. § 144.51(a).

Violation IV – RBU 1-10D Mechanical Integrity Loss Notification & Reporting

38. RBU 1-10D Permit section II(B)(4) requires Respondent to notify the EPA of MI loss within 24 hours and submit a follow-up written report within five days.

39. Respondent did not notify the EPA of the MI loss within 24 hours of losing mechanical integrity.

40. Respondent did not provide a follow-up written report within five days of losing mechanical integrity.

41. Accordingly, Respondent failed to comply with section II(B)(4) of the RBU 1-10D Permit and therefore violated 40 C.F.R. § 144.51(a).

VIII. TERMS OF CONSENT AGREEMENT

42. For the purpose of this proceeding, Respondent:

a. admits the jurisdictional allegations in section II of this Agreement;

b. neither admits nor denies the factual allegations stated in sections V, VI, and VII of this Agreement;

c. consents to the assessment of a civil penalty as stated below;

d. acknowledges this Agreement constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions;

e. waives any right to contest the alleged violations of law set forth in section VII of this Agreement;

f. acknowledges that the EPA has provided an opportunity for a hearing and waives any right to a hearing in this proceeding;

g. waives any right to appeal the Order accompanying this Agreement; and

h. waives any rights or defenses that Respondent has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the final order accompanying this Agreement.

IX. CIVIL PENALTY.

43. The EPA is authorized to assess a civil penalty in this matter. 42 U.S.C. § 300h-2(c).

44. To determine the amount of the civil penalty, EPA considered the seriousness of the violations, the economic benefit resulting from the violations, Respondent's history of such violations, Respondent's good-faith efforts to comply with the applicable requirements, the economic impact of the penalty on the violator, and other matters as justice may require, as required under the SDWA, the EPA has determined the civil administrative penalty amount agreed upon below is appropriate to settle this matter. 42 U.S.C. § 300h-2(c)(4)(B).

45. Based on the Alleged Violations of Law, and after consideration of the statutory factors in paragraph 44 above, EPA has determined a civil penalty of $50,070 is appropriate to settle this matter.

46. Respondent agrees to pay a civil penalty of $50,070 (Penalty) within 30 calendar days after the Effective Date.

47. Respondent must pay the Penalty and any interest, fees, or other charges due using any method, or combination of appropriate method, as provided on the website: https://www.epa.gov/financial/makepayment. For additional instructions see: https://www.epa.gov/financial/additional-instructions-making-payments-epa.

48. When making a payment, Respondent must:

    i. identify each and every payment with Respondent's name and the docket number that appears on the Final Order; and

    j. within 24 hours of payment of the EPA Penalty, Respondent must send proof of payment to the Regional Hearing Clerk at r8_hearing_clerk@epa.gov, Gary Wang at wang.gary@epa.gov, and EPA Cincinnati Finance Center at CINWD_AcctsReceivable@epa.gov.

    "Proof of payment" means, confirmation of credit card or debit card payment, confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate payment has been made according to the EPA requirements, in the amount due, and identified with the docket number and Respondent's name.

49. **Interest, Charges, and Penalties on Late Payments**. Pursuant to 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent fails to timely pay the full amount of the Penalty per this Agreement, EPA is authorized to recover, in addition to the amount of the unpaid Penalty, the following amounts:

    a. **Interest**. Interest begins to accrue from the Effective Date. If the Penalty is paid in full within 30 days, interest accrued is waived. If the Penalty is not paid in full within 30 days, interest will continue to accrue until any unpaid

portion of the Penalty as well as any interest, penalties, and other charges are paid in full. To protect the interests of the United States the rate of interest is set at the Internal Revenue Service (IRS) standard underpayment rate, any lower rate would fail to provide Respondent adequate incentive for timely payment.

b. **Handling Charges**. Respondent will be assessed monthly a charge to cover EPA's costs of processing and handling overdue debts. If Respondent fails to pay the Penalty in accordance with this Agreement, EPA will assess a charge to cover the costs of handling any unpaid amounts for the first 30 day period after the Effective Date. Additional handling charges will be assessed every 30 days, or any portion thereof, until the unpaid portion of the Penalty as well as any accrued interest, penalties, and other charges are paid in full.

c. **Late Payment Penalty**. A late payment penalty of six percent per annum, will be assessed monthly on all debts, including any unpaid portion of the Penalty, interest, penalties, and other charges, that remain delinquent more than 90 days. Any such amounts will accrue from the Effective Date.

50. **Late Penalty Actions**. In addition to the amounts described in the prior paragraph, if Respondent fails to timely pay any portion of the Penalty, interest, or other charges and penalties per this Agreement, EPA may take additional actions. Such actions EPA may take include, but are not limited to, the following:

a. Refer the debt to a collection agency or a credit reporting agency, per 40 C.F.R. §§ 13.13 and 13.14.

b. Collect the debt by administrative offset (i.e., the withholding of money payable by the United States government to, or held by the United States government for, a person to satisfy the debt the person owes the United States government), which includes, but is not limited to, referral to the IRS for offset against income tax refunds, per 40 C.F.R. part 13, subparts C and H.

c. Suspend or revoke Respondent's licenses or other privileges, or suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds, per 40 C.F.R. § 13.17.

d. Refer this matter to the United States Department of Justice for litigation and collection, per 40 C.F.R. § 13.33.

51. **Allocation of Payments**. Pursuant to 31 C.F.R. § 901.9(f) and 40 C.F.R. § 13.11(d), a partial payment of debt will be applied first to outstanding handling charges, second to late penalty charges, third to accrued interest, and last to the principal that is the outstanding Penalty amount.

52. **Tax Treatment of Penalties**. Penalties, interest, and other charges paid pursuant to this Agreement must not be deductible for purposes of federal taxes.

53. This Consent Agreement, upon incorporation into a final order, applies to and is binding upon the parties, and Respondent's officers, directors, employees, agents, successors and assigns. Any change in ownership or corporate status of Respondent, including but not limited to any transfer of assets or real or personal property must not alter Respondent's responsibilities under this Consent Agreement.

X. TAX IDENTIFICATION [AND TAX REPORTING]

54. **Tax Identification**. For purposes of the identification requirement in section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), and 26 C.F.R. § 1.162-21(b)(2), payment of the Penalty is restitution, remediation, or required to come into compliance with the law.

55. **Tax Reporting**. Pursuant to 26 U.S.C. § 6050X and 26 C.F.R. § 1.6050X-1, EPA is required to annually send to the IRS a completed IRS Form 1098-F ("Fines, Penalties, and Other Amounts") with respect to any court order or settlement agreement (including administrative settlements) that require a payor to pay an aggregate amount that EPA reasonably believes will be equal to, or in excess of, $50,000 for the payor's violation of any law or the investigation or inquiry into the payor's potential violation of any law, including amounts paid for "restitution or remediation of property" or to come "into compliance with a law." EPA is further required to furnish a written statement, which provides the same information provided to the IRS, to each payor (i.e., a copy of IRS Form 1098-F). Respondent's failure to comply with providing IRS Form W-9 or Tax Identification Number (TIN), as described below, may subject Respondent to a penalty, per 26 U.S.C. § 6723, 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723-1. To provide EPA with sufficient information to enable it to fulfill these obligations, Respondent must complete the following actions as applicable.

a. Respondent must complete an IRS Form W-9 ("Request for Taxpayer Identification Number and Certification"), which is available at https://www.irs.gov/pub/irs-pdf/fw9.pdf.

b. Respondent must therein certify that its completed IRS Form W-9 includes Respondent's correct TIN or that Respondent has applied and is waiting for issuance of a TIN.

c. Respondent must email its completed Form W-9 to EPA's Cincinnati Finance Division at chalifoux.jessica@epa.gov on or before the date that Respondent's penalty payment is due, pursuant to paragraph 46 of the Consent Agreement, or within 7 days of the Effective Date should the order become effective

between December 15 and December 31 of the calendar year. EPA recommends encrypting IRS Form W-9 email correspondence.

d. In the event that Respondent has certified in its completed IRS Form W-9 that it does not yet have a TIN but has applied for a TIN, Respondent must provide EPA's Cincinnati Finance Division with Respondent's TIN, via email, within 5 days of Respondent's receipt of a TIN issued by the IRS.

XI. EFFECT OF CONSENT AGREEMENT AND FINAL ORDER

56. In accordance with 40 C.F.R. § 22.18(c), completion of the terms of this Agreement resolves only Respondent's liability under 42 U.S.C. § 300h-2(c) for federal civil penalties for the violations alleged above.

57. By signing this Agreement, Respondent acknowledges that this Agreement will be available to the public and agrees that this Agreement does not contain any confidential business information or personally identifiable information.

58. The undersigned representative of Respondent certifies he or she is fully authorized to execute and enter into the terms and conditions of this Agreement and has the legal capacity to bind the party he or she represents to this Agreement.

59. The parties agree that this Agreement may be signed in any number of counterparts, each of which will be deemed an original and, when taken together, constitute one agreement; the counterparts are binding on the parties individually as fully and completely as if the parties had signed one single instrument, so that the rights and liabilities of the parties will be unaffected by the failure of any of the undersigned to execute any or all of the counterparts; any signature page and any copy of a signed signature page may be detached from any counterpart and attached to any other counterpart of this Agreement and any signature page may be transmitted electronically (e.g., a PDF file).

60. By signing this Agreement, both parties agree that each party's obligations under this Agreement constitute sufficient consideration for the other party's obligations.

61. By signing this Agreement, Respondent certifies that the information it has supplied concerning this matter was at the time of submission true, accurate, and complete for each such submission, response, and statement. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.

62. Each party must bear its own attorney's fees, costs, and disbursements incurred in this proceeding.

63. This Agreement constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.

64. Nothing in this Agreement relieves Respondent of the duty to comply with all applicable provisions of the Act and other federal, state, Tribal, or local laws, nor does it restrict EPA's authority to seek compliance with any applicable laws or regulations, nor will it be construed to be a ruling on, or determination of, any issue related to any federal, state, Tribal, or local permit.

65. Nothing herein will be construed to limit the power of EPA to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.

66. Each party consents to service of the Final Order approving this Consent Agreement by e-mail at the following valid e-mail addresses: castelli.matthew@epa.gov (for Complainant), and clarissa.mills@haynesboone.com (for Respondent).

XII. PUBLIC NOTICE

67. As required by 42 U.S.C. § 300h-2(c)(3)(B) and 40 C.F.R. § 22.45, prior to submitting this Agreement to the Regional Judicial Officer or Regional Administrator for approval, the EPA will provide public notice of this Agreement and 30 days to comment on the matter. The EPA may modify or withdraw its consent to this Agreement if comments received disclose facts or considerations indicating this Agreement is inappropriate, improper, or inadequate, or if a hearing is requested under 42 U.S.C. § 300h-2(c)(3)(C); but may not alter the terms of this Agreement without the written approval of Respondents.

XIII. EFFECTIVE DATE

68. This Agreement and subsequently issued Final Order become effective on the date the final order is filed by the Hearing Clerk, on behalf of the Regional Judicial Officer, and transmitted by EPA to Respondent.

The foregoing Consent Agreement *In the Matter of Wapiti Operating, LLC* is hereby stipulated, agreed, and approved for entry.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, REGION 8,

SUZANNE BOHAN

Digitally signed by SUZANNE BOHAN
Date: 2026.04.07 15:46:22 -06'00'

Suzanne J. Bohan, Director
Enforcement and Compliance Assurance Division

Complainant.

WAPITI OPERATING, LLC,

4/2/26

Bart Agee, President
Wapiti Operating, LLC

Respondent.